

**ILLINOIS PUBLIC ENERGY AGENCY  
BOARD OF DIRECTORS MEETING  
FEBRUARY 21, 2018**

A regularly scheduled meeting of the Board of Directors of the IPEA was held pursuant to proper notice at the IPEA headquarters building, 3400 Conifer Drive, Springfield, Illinois, on February 21, 2018. President & CEO Kevin Gaden called the meeting to order at 12:00 p.m. Roll call was taken and a quorum was not physically present.

The Treasurer's Report for December was presented by Tia King. She reported that the cash balance as of December 31<sup>st</sup> was \$363,244 which was \$21,775 lower than the previous year. King also stated that gas revenues had decreased by 11% from the previous year and the price per Dth had decreased by \$.25 from the previous year. Handouts of the draft revised 2018 budget and proposed fiscal year 2019 budget were circulated among the members for their review in preparation for approval at the April board meeting.

Opportunity for Public Comment: CEO Gaden stated that pursuant to the Open Meetings Act, any person in attendance at a meeting shall be permitted an opportunity to comment. He then asked if anyone would like to make a comment and hearing none, the meeting continued.

President & CEO's Report: CEO Gaden compared the heating degree days in the last five years in central Illinois and noted a 27% reduction in ambient heating demand from the polar vortex year. Regarding regional load growth, he reported that FoxConn was expected to add approximately 20,000 jobs in Southern Wisconsin in the next 5 years for an Apple Phone production plant. This will likely increase electric/gas loads for Rock Energy as homes will have to be provided along with ancillary service industries. He discussed regional changes in the generation fleet noting that MISO gas fired generation energy was 45% higher this January than last and Indianapolis had 34% more heating degree days compared to Indianapolis a year ago. CEO Gaden also discussed Maximum Daily Quantity (MDQ) which determines the amount of gas load available on a particular pipeline and the importance of monitoring that number. He also tracked gas pricing over the past 60-90 days and gave examples of how the volatility in the market affected the fluctuation of those prices. He also reviewed the IPEA goals for the upcoming year.

Market Update: Steve Chambers of Constellation gave an update on the gas market stating that gas prices fluctuated over the last few months due to mild forecasts. It remains a buyer's market due to the production of record amounts of natural gas. He provided a recap of the cold weather in late December/early January and reported that an all-time record high was set on January 1 for gas demand. This also affected gas storage. Chambers noted that the two highest withdrawals of gas were over that 2-week time period which amounted to 11% of total gas storage. Over the past 4 years, Chambers stated that demand growth could also be attributed to LNG Exports, exports to Mexico, power sector gas burns and industrial demand.

Chambers discussed price volatility in all areas of the country and stated that a record high level of production averaged 80.3bcf in 2018 which was a 9% increase from last year. Oil prices and oil drilling rates are high, which leads to increased production of natural gas as a by-product. Gas storage is currently 20% lower than last year.

Regarding gas demand, power sector gas burns will serve as a price driver in the spring which may lead to more coal-to-gas switching if prices stay low. LNG Exports are above capacity with 10% of daily production being sent out of the country via pipeline. He reported that Cheniere Energy had signed an agreement with a state-owned Chinese firm. The agreement extends to 2043, indicating a significant natural gas demand in Asia. NYMEX prices continue to be low as production is high: 2019 and 2020 calendar strips forecast \$2.77; \$2.80 in 2021; \$2.85 in 2022 and \$2.90 in 2023.

Legislative & Regulatory: Regarding federal issues, Staci Wilson reported that the Bipartisan Budget Act (BBA) of 2018 had passed. It suspends the current federal debt limit through March 2019 and allows the sequestration of Build America Bonds to continue through 2027. APGA received a 5-year extension of the investment credit for natural gas technologies. They were unable to secure a long-term extension of the natural gas vehicle credits, but were able to obtain a one-year retroactive credit. Wilson stated that the budget is very similar to last year's although it eliminates the Low Income Home Energy Assistance Program (LIHEAP) along with other funding for certain energy efficiency programs. APGA along with IPEA have sent letters to all congressional committee members supporting full funding for LIHEAP. She stated that the President had created a new office under the U.S. Department of Energy called the Office of Cybersecurity, Energy Security and Emergency Response (CESER) which will oversee energy infrastructure with a focus on the protection and preparedness to natural and manmade threats. APGA has sent a letter urging FERC to address the impact of a lower corporate tax rate on pipeline rates.

Regarding State issues, Wilson stated that the parliamentary hold on SB1451, the Small Cell 5G Wireless bill, had been released and forwarded to the Governor's desk. She reported that the bill introduction deadline for the spring legislative session had recently passed and discussed bills of interest. SB2213 and HB1438 require Illinois laws and regulations remain as strict as federal laws that were in place on January 1, 2017. SB3005 would amend the administrative review law to ensure that residents are able to challenge permits issued by State regulators giving an individual person the ability to sue over environmental concerns. HB4365 provides that utility services that are being provided by local government to any state entity would be under prompt payment which would mean municipalities would get interest on bills that the State owes. HB5268 would make entities like IML and IMUA subject to FOIA and there is legislation proposed that would prevent public funds and local government expenses from being used for conventions or board training. Wilson also gave an overview of Governor Rauner's State Budget Proposal.

General Counsel Troy Fodor discussed a letter sent from the ICC to IPEA members regarding a diversity procurement survey. Staff requested participants to use the IMUA form letter provided to all the members by email in response to the ICC's request.

Interstate Pipelines: Mike Genin discussed how weather-related interstate transmission pipeline operational flow orders impact the markets. He circulated handouts showing examples of gas spot prices at key trading hubs and tracker flow charts of pipeline activity. Staff will continue to monitor the status of the markets.

Annual Conference:

Mike Genin reported on the specifics of the IPEA annual conference which will be held in Effingham on April 12 and 13. The IPEA Board meeting will be held at 2:00 pm on Thursday, April 12 with a reception and dinner to follow in the evening. Speaker presentations will be held Friday morning, April 13, which will include an in-depth market report from Constellation and an APGA outlook from Dave Schryver. It was the consensus of the Board to contact an Ameren representative to discuss utility and first responder use of drones. The meeting will adjourn by noon.

There being no further business, the meeting was adjourned at approximately 1:05 p.m.

Respectfully submitted:

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Secretary/Treasurer

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**MEMBERS PRESENT**

Bethany	Shannon Risley (via teleconference)
Flora	Bob Coble (via teleconference)
Marshall	Cory Sheehy (via teleconference)
Martinsville	Terry Gard (via teleconference)
Rantoul	Greg Hazel
Sullivan	Mayor Ann Short(via teleconference)

**MEMBERS ABSENT**

Bushnell	Justin Griffith
Casey	Shelby Biggs
Edinburg	Mike Lebshier
Fairfield	Mayor Brent Maguire
Greenup	Mike Ryder
Roodhouse	Mayor Tom Martin

**OTHERS PRESENT**

Constellation	Steve Chambers (via teleconference)
Constellation	Brian Hirshberg (via teleconference)
IPEA	Kevin Gaden
IPEA	Troy Fodor
IPEA	Mike Genin
IPEA	Staci Wilson
IPEA	Tia King
IPEA	Bob Childers
IPEA	Tammy Hall